

***CITY OF PEOSTA***

***INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-  
UPON PROCEDURES***

***FOR THE PERIOD  
JULY 1, 2014 THROUGH JUNE 30, 2015***

## Table of Contents

	<u>Page</u>
Officials	1
Independent Accountant's Report On Applying Agreed-Upon Procedures	2 - 4
Detailed Recommendations:	<u>Finding</u>
Financial Condition	A 5
Journal Entry Approval	B 5
Staff	6

## City of Peosta Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Mescher	Mayor	December 2017
Steve Gremmel	Council Member	December 2015
Gerry Hess	Council Member	December 2015
Ray Stephan	Council Member	December 2017
Jesse Begle	Council Member	December 2017
Karen Lyons	Council Member	December 2017
Karen Snyder	Clerk/Treasurer	Indefinite



Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor  
and Members of City Council:

We have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Peosta (the "City") for the period July 1, 2014 through June 30, 2015. The City of Peosta's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We read selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa and did not identify any instances of non-compliance.
2. We read the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee. We identified one recommendation labelled as Finding B.
3. We read the City's security bond coverage for compliance with Chapter 64 of the Code of Iowa and did not identify any instances of non-compliance.
4. We obtained and reconciled the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council and did not identify any differences.
5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended Uniform Chart of Accounts and to determine required funds and fund balances are properly maintained and accurately accounted for and did not identify any instances of non-compliance.
6. We read the City's fiscal year 2015 Annual Financial Report (AFR) to determine whether it was completed and accurately reflected the City's financial information. We didn't identify any instances of non-compliance.
7. We read the City's investments to determine compliance with Chapter 12B of the Code of Iowa and didn't identify any instances of non-compliance.

8. We obtained supporting documentation validating compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa. We didn't identify any instances of non-compliance.
9. We obtained debt documentation, including general obligation and revenue bonds / notes and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for. We didn't identify any instances of non-compliance.
10. We tested selected tax increment financing ("TIF") transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa. We didn't identify any instances of non-compliance.
11. We read the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa. We didn't identify any instances of non-compliance.
12. We tested selected receipts for accurate accounting and consistency with the recommended chart of accounts ("COA") and didn't identify any instances of non-compliance.
13. We tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa. We didn't identify any instances of non-compliance.
14. We tested transfers between funds for propriety, proper authorization and accurate accounting and did not identify any instances of non-compliance.
15. We tested selected payroll and related transactions for propriety, proper authorization and accurate accounting and did not identify any instances of non-compliance.
16. We read the annual certified budget, noting proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report.

These agreed upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had we performed additional procedures, or had we performed an audit of the City of Peosta, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Peosta and other parties to whom the City of Peosta may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Peosta during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

**HONKAMP KRUEGER & CO., P.C.**

*Honkamp Krueger & Co.*

Dubuque, Iowa  
January 13, 2016

## **Detailed Recommendations**

## **City of Peosta**

### **Detailed Recommendations**

**For the period July 1, 2014 through June 30, 2015**

- (A) Financial Condition – At June 30, 2015, the City had a deficit balance of \$27 in the South Water Main Extension Fund.

Recommendation – The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

- (B) Journal Entry Approval – Although the accounting history report is provided to the council on a monthly basis, there is no evidence of independent review of general journal entries prepared.

Recommendation – To improve financial accountability and control, there should be an independent review of the monthly general journal entries prepared. Also, this review should be signed or initialed and dated by the individual performing this review.



This agreed-upon procedures engagement was performed by:

Laura A. Walker, CPA, Audit Partner  
Sue M. Lawler, CPA, Audit Manager  
Josh M. Beckley, Staff Auditor